

## AGENDA



Thursday, April 19, 2007

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 19**

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**Subject:** Authorize ratification of award and execution of a contract with SOUTHWEST ELECTRIC COMPANY, Oklahoma City, OK, for the remanufacture of a Patton Substation power transformer in an amount not to exceed \$540,000.

**Amount and Source of Funding:** Funding is available in the Fiscal Year 2006-2007 Capital Budget of Austin Energy.

**Fiscal Note:** A fiscal note is attached.

**For More Information:** Dolores Castillo, 512/322-6466

**Purchasing Language:** Sole bid.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were identified; therefore, no goals were established for this solicitation.

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Austin Energy (AE) identified a Critical Business Need for the remanufacture of a 138kV power transformer located at the Patton Lane Substation resulting from a fire that occurred on July 19, 2006. AE has committed to making significant system improvement at both the Patton Lane and Oak Hill Substations in order to improve reliability of service to the Oak Hill Freescale location. The repair services will include round-trip transportation, disassembly, inspection, and the remanufacture of the transformer. A remanufactured transformer has the same life expectancy as a new transformer.

Due to the long lead time of 38 weeks for this repair, it was determined that a Critical Business Need existed, and normal procurement processes could not be followed. Historically, Southwest Electric Company is the only source available for this type of repair and remanufacturing. Final award was made on March 16, 2006 with shipping no later than August 1, 2007.

MBE/WBE Solicited: 0/0

MBE/WBE Bid: 0/0

**PRICE ANALYSIS**

- a. Sole bid. Since 1998, Southwest Electric Company is the only known source for re-manufacturing this type of large power transformers. Due to the long lead time for this type repair and the critical need to have the transform repaired, a shortened bid process was used.
- b. Two bids were issued and one bid was received. There are no known MBE/WBEs for this commodity.
- c. The cost of this service is approximately 70% of the cost of a new power transformer with the same life expectancy of a new one.

**APPROVAL JUSTIFICATION**

- a. Sole bid received.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Critical Business Need.